

BUDGET TALKS BREAK DOWN - NEXT STEPS INVOLVE DIFFICULT CHALLENGES AND CHOICES

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Last week five Senate Republicans, known as the “Republican 5” met both as a collective group and individually with Governor Jerry Brown, in an attempt to negotiate a compromise agreement that could address the State Budget stalemate. As you may know, neither the Senate nor the Assembly currently holds a two-thirds supermajority, and thus, they are in need of at least two Republican votes in each house in order to pass the tax extension/revenues package. The Governor had intended that the tax extension/revenue package would be placed before the voters on a June special election ballot, but the legislature has already missed important Secretary of State filing deadlines due to the Budget stalemate.

While rumors had abounded that negotiations were proceeding well with the Governor, the talks hit a significant bump in the road last Friday, when the Senate Republican leader released a list of 53 requests that their party was seeking as part of the Budget solution. Some of the larger items on the list included a hard Budget cap, pension reform, tax reform, regulatory reform, etc. and included other contentious issues such as teacher seniority education reform, and extending the current taxes for only 18 months, instead of 5 years as the Governor has requested. After viewing the list, Senate President pro Tem Darrell Steinberg said that he was “ready to pull the plug” on the negotiations, but would defer to the Governor. Later that day, the Governor sent a tersely worded letter to Senate Republican Leader Bob Dutton, expressing his dismay that the Republican Caucus had produced such a lengthy list of requirements, stating, “many of which are new and have no relationship whatsoever to the budget. From my count, your list today added almost two dozen new topics, including obscure aspects of labor law and shifting the Presidential primary to March.” The Governor cautions in the letter, “We need to outline concrete steps we can take in the next hours and days to keep these discussions on track and prevent what could be disastrous consequences. I will stand ready to work with you on the three main issues we have been discussing for weeks: pensions, regulatory reform, and a spending cap in the context of the balanced budget I have proposed. Please let me know if you are prepared to refocus our discussion back to those topics.” The Governor then, using his pen, added a statement on the bottom of the letter: “Let’s get moving!”

While some talks occurred in the days to follow the release of that letter, the negotiations completely ground to a halt yesterday afternoon. Republicans contended that union groups, etc. had urged the Governor not to accept the Republican reforms. There were prolonged Democrat and Republican Caucus meetings yesterday, followed by an announcement by the Governor that he would be disbanding negotiations due to lack of agreement. In a video that the Governor subsequently released late Tuesday on YouTube, he stated, “There is more than one way to get to the goal.”

NEXT STEPS – LIBRARY FUNDING IS IN JEOPARDY

At this point in time, the Governor and the Democrat members of the Legislature have few options for placing the tax extension/revenue package before the voters. They could choose to put the tax extension/revenue package on a Special Election ballot in late June, by a

majority vote of the Assembly and Senate, but legislative leaders have been cautioned that doing so without the requisite two-thirds vote might not pass legal muster. The other option for the legislature and the Governor is a very painful “all cuts Budget.” What does an “all cuts Budget” mean to CLA members and supporters? As one respected Senator told us last night, the Budget bill would be revised to reflect an additional \$15 billion in cuts to all programs – education, health and human services, corrections, and other vital services. CLA recently fought to retain \$15 million in funding for public libraries, ultimately saving the CLSA, the PLF, and the literacy program from elimination. However, if the Legislature were to move to an “all cuts Budget,” this remaining baseline funding would be identified as an area for a potential cut. As you know, elimination of the remaining \$15 million not only would dismantle these three important library programs, but it would eliminate our future eligibility for federal funding for the CLSA, force the CLSA systems to disband, cause libraries to charge for non-resident library cards, etc. In short, working so hard to retain \$15 million for these programs, only to lose it again during a second round of cuts, would be devastating for CLA and its members and supporters. We were also told last night that a tax measure could be qualified for the November ballot, with voters being urged, “If you want funding restored to programs that we had to cut, please vote for the tax package.” If the tax package were to fail passage in November, obviously the deep Budget cuts would be retained.

If this latter approach is the direction the legislature chooses to go, Budget subcommittees would start reconvening in a few weeks in order to go through the typical Budget review process. The subcommittees will take into account the May Revision of the Budget in mid-May, and specifically, the State Library and our library program funding would be scheduled for a public hearing in the weeks to come. We will keep you posted with all of the details you will need in order to make these contacts with leadership and subcommittee members, if necessary. We hope you can appreciate this is one of the most unusual Budget scenarios we have ever encountered, and it continues to remain very fluid.